

**GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

IN RE: AMENDMENT TO POWER PURCHASE
OPERATING AGREEMENT BETWEEN PREPA
AND GUAYAMA SOLAR ENERGY LLC

CASE NO.: NEPR-AP-2023-0002

SUBJECT: Amendment to Guayama Solar
Energy Power Purchase Agreement for
Incremental Quantity of Solar PV

RESOLUTION AND ORDER

I. INTRODUCTION

On August 24, 2020, the Energy Bureau of the Public Service Regulatory Board (“Energy Bureau”) issued the IRP Order¹, regarding the Integrated Resource Plan (“IRP”) of the Puerto Rico Electric Power Authority (“PREPA”). The IRP Order approved a Modified Preferred Resource Plan that included a plan for six (6) tranches of procurement of renewable energy and battery storage resources.²

On December 16, 2021, PREPA filed a document titled *Motion Submitting 733 MW of PV Renewable Energy Draft Power Purchase and Operating Agreements Offered in Tranche 1 of PREPA’s Renewable Generation and Energy Storage Resources RFP for Energy Bureau Evaluation and Approval* (“December 16 Motion”). In that December 16 Motion, PREPA identified fifteen (15) Photo-Voltaic (“PV”) projects totaling 732.7 MW and submitted draft bespoke power purchase and operating agreements (“PPOAs”) for those projects, for the evaluation and approval by the Energy Bureau. In the December 16 Motion, PREPA also identified three (3) Battery Energy Storage System (“BESS”) resource projects (4-hour duration) totaling 220 MW, for which PREPA indicated it planned the submission of bespoke energy storage services agreements (“ESSAs”) by or before December 23, 2021. PREPA included in its December 16 Motion submission, as Attachment A, a memorandum from PREPA’s Tranche 1 Evaluation Committee describing the detailed evaluation approach taken to arrive at its selection of project offerings for approval.

On December 23, 2021, PREPA filed a document titled *Supplemental Motion Submitting PV Renewable Energy Draft Power Purchase and Operating Agreements (PPOAs) As Well As Energy Storage Service Agreements (ESSAs) As Part of PREPA’s Tranche 1 Renewable Generation and Energy Storage Resources RFP For Energy Bureau Evaluation and Approval* (“December 23 Motion”). PREPA submitted three bespoke ESSA contracts totaling 220 MW reflecting the projects stated in the December 16 Motion and submitted three solar PV bespoke contracts totaling 112.1 MW, additional to the 732.72 MW of solar PV projects submitted for authorization in the December 16 Motion. The combined solar PV resource procurements for which authorization was sought by PREPA was 844.82 MW, for eighteen (18) separate projects.

On February 2, 2022, the Energy Bureau issued a Resolution and Order (“February 2 Resolution”) authorizing eighteen (18) solar PV project PPOAs for PREPA to finish its negotiations with those proponents.

On June 30, 2022, PREPA filed a document titled *Motion to Submit Execution Copies of PPOAs in Compliance with the April 27 and June 13 Orders, Request for Additional Time to Submit Certain PPOAs and Memorandum of Law Requesting Confidential Treatment of PPOAs and Exhibits* (“June 30 Motion”). In its June 30 Motion PREPA described the status of the 18

¹ See, Final Resolution and Order on the Puerto Rico Electric Power Authority’s Integrated Resource Plan, *In re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-2018-0001, August 24, 2022 (“IRP Order”).

² IRP Order, pp. 266-268, ¶ 860.



PPOAs for PV energy approved by the Energy Bureau in its February 2, 2022 Resolution and Order.

On July 8, 2022, the Energy Bureau issued a Resolution and Order (“July 8 Resolution”) through which it approved nine (9) executed copies of solar PV PPOAs for nine (9) PV resource projects from the June 30 Motion Exhibit A, totaling 430.1 MW, across Puerto Rico. Those nine (9) projects agreements included the Guayama Solar PPOA.

On August 4, 2022, PREPA filed a document titled *Motion to Submit Additional PPOAs in Compliance with July Resolution and Order* (“August 4 Motion”). PREPA submitted execution copies of PPOAs totaling 109.37 MW. PREPA also indicated that negotiations remained ongoing with two respondents and an associated five projects (totaling 305 MW) for which final executed copies of PPOAs were then still under development. The August 4 Motion included submittal of an Exhibit A (under seal), containing executed PPOA contracts for four of the original eighteen (18) approved PPOAs for solar PV resources from the Energy Bureau’s February 2, 2022 Resolution and Order.

On August 13, 2022, PREPA filed a document titled *Motion to Submit Additional PPOA in Compliance with July 8 Resolution and Order* (“August 13 Motion”). PREPA submitted an execution copy of an additional solar PV PPOA for 60 MW and indicated that negotiations remain ongoing with a respondent for four (4) additional PPOAs for which final executed copies of PPOAs were then still under development. The August 13 Motion included submittal of an Exhibit A (under seal), containing an executed PPOA contract for one of the original eighteen (18) approved PPOAs for solar PV resources from the Energy Bureau’s February 2, 2022 Resolution and Order.

On August 15, 2022, the Energy Bureau approved the execution copies of five (5) PPOAs for solar PV resources submitted by PREPA in its August 4 and August 13 Motions (“August 15 Resolution”).

On August 26, 2022, PREPA filed a document titled *Motion to Submit Remaining Executed PPOAs and BESS Contracts in Compliance with the August 15, 2022 Resolution and Order* (“August 26 Motion”). Through the August 26 Motion, PREPA submitted the remaining four (4) executed utility-scale solar PV PPOAs for 245 MW in total (120 MW, 80 MW, 25 MW, and 20 MW) as part of Exhibit A. PREPA also submitted in Exhibit A of the August 26 Motion two (2) executed contracts for energy service storage agreements (“ESSAs”) each for a four-hour duration utility-scale battery energy storage projects co-located with two of the solar PV PPOAs also submitted with the August 26 Motion, each with a nominal rating of 100 MW and 400 MWh.³ PREPA requested that the specific pricing associated with the battery energy storage projects in the August 26 Motion remain confidential until the remaining battery energy storage project ESSAs are finalized.⁴

On September 1, 2022 the Energy Bureau issued a Resolution and Order (“September 1 Resolution”) finding a revised real levelized cost of the portfolio of eighteen (18) solar PV contacts of \$85.4/MWh (2021 currency) and accepting PREPA’s August 26, 2022 filing of four (4) additional executed PPOAs.⁵ In the Resolution the Energy Bureau determined that the portfolio of projects was fully in alignment with the Modified Action Plan of the IRP Order.

On January 18, 2023 PREPA submitted a *Petition for Approval of Amendment to Power Purchase Operating Agreement Between The Puerto Rico Electric Power Authority and Guayama Solar Energy LLC* (“Amendment Petition”). The Amendment Petition seeks

³ August 26 Motion, pp. 1, 3-4, and as indicated in the Exhibit A Energy Storage Service Agreements.

⁴ *Id.*, p. 4.

⁵ September 1 Resolution, page 5.



approval for an increase in the quantity of procured solar PV from 25 MW to 50 MW. The pricing and other key terms of the original power purchase agreement remain the same.

II. DISCUSSION AND FINDINGS

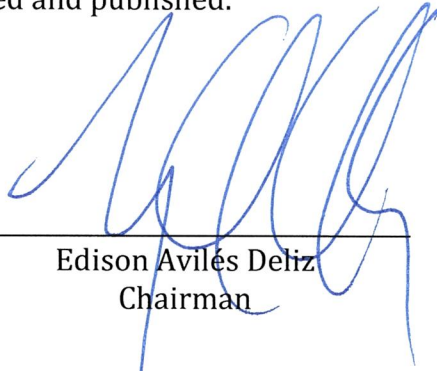
PREPA's Amendment Petition is a "request to amend a power purchase and operating agreement by which PREPA will purchase energy produced by renewable resources to increase the net electrical output that PREPA will purchase".⁶

PREPA states that the "Project has been impacted by significant increases in overall construction costs, process delays, supply chain issues, and high inflation". PREPA states this impact "would be mitigated by an increase of 25 MWac to the current Project capacity without increasing the contract price". The increase in the capacity is the "only modification the parties seek...the remainder of the terms under the Guayama Solar PPOA would remain as executed June 30, 2022, and therefore, unaffected."⁷

The Guayama solar PV project is the highest cost project seen in the set of eighteen (18) solar PV projects that make up the portfolio of resources approved by the Energy Bureau in its February 2 Resolution, July 8 Resolution, August 15 Resolution and September 1 Resolution.⁸ Its increase in output energy requested in the Amendment Petition results in a slight increase to the real levelized cost of energy for the portfolio of projects, from \$85.3/MWh to \$85.4/MWh, due to the weighting effect of an increase in quantity (with no change in price) for this project.⁹

The Energy Bureau **APPROVES** the requested amendment to the PPOA for the Guayama project. The portfolio of eighteen (18) solar PV projects in Tranche 1 remains fully in alignment with the Modified Action Plan of the IRP Order.

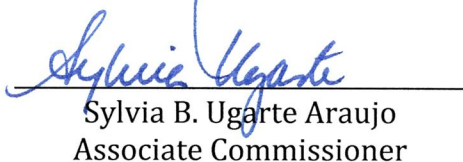
Be it notified and published.



Edison Avilés Deliz
Chairman



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

⁶ PREPA Amendment Petition, page 1.

⁷ *Id.*, pages 3-4.

⁸ See September 1 Resolution, Appendix A Tranche 1 Solar PV Projects.

⁹ The original real levelized cost of \$85.4/MWh for the portfolio of projects was lowered slightly to \$85.3/MWh upon approval of the PPOA amendment for Ciro Two, a lower cost project. The effect of the Guayama Solar project change is to bring the overall portfolio levelized cost back to the \$85.4/MWh level.



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on February 9, 2023. Associate Commissioner Lillian Mateo Santos inhibited. I also certify that on February 9, 2023 a copy of this Resolution was notified by electronic mail to jmarrero@diazvaz.law; kbolanos@diazvaz.law; and I have proceeded with the filing of the Resolution issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today, February 9, 2023.



Sonia Seda Gaztambide
Clerk

